

Message Text

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PAGE 01 STATE 196001
ORIGIN EA-10

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 CIAE-00
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DRAFTED BY EA/K:DBLAKEMORE:JCM
APPROVED BY EA:EHEGINBOTHAM
EA/K - MR. RICH
-----077268 180623Z /21
R 180124Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY SEOUL

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E.O. 11652: N/A

TAGS: BDIS, KS

SUBJECT: WESTINGHOUSE/T-COMM PROJECT

SUMMARY: WESTINGHOUSE OFFICIAL CALLED AT DEPARTMENT
AUGUST 17 TO DISCUSS T-COMM PROJECT. EMBASSY SHOULD URGE
EPP TO SUPPORT DISCUSSIONS WITH WESTINGHOUSE AIMED AT
RESOLVING THE DISPUTE. END SUMMARY.

1. WESTINGHOUSE REPRESENTATIVE BEEBE CALLED ON DEPUTY
ASSISTANT SECRETARY HEGINBOTHAM AUGUST 17 TO DISCUSS
DIFFICULTIES WITH SUBJECT PROJECT.

2. AFTER REVIEWING PROJECT'S CHECKERED HISTORY, WITH
WHICH EMBASSY IS FULLY AWARE, BEEBE NOTED THAT THE
SITUATION IS COMING TO A HEAD SINCE THE TERMINATION DATE
OF THE T-COMM PROJECT IS AUGUST 31. ESSENCE OF KEDI
POSITION APPEARS TO BE THAT IF T-COMM DOES NOT AGREE TO
SUPPLY FULLY COMPARABLE MICROWAVE SYSTEM INSTEAD OF
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T-COMM TECHNOLOGY, AFTER 8/31 IT WILL TAKE CONTRACT TO
INTERNATIONAL ARBITRATION. THERE HAVE ALSO BEEN VAGUE
THREATS OF RETRIBUTION AGAINST OTHER WESTINGHOUSE
INTERESTS IN KOREA, READ NEW NUCLEAR POWER PLANT BID
COMPETITION.

3. BEEBE EXPRESSED UNDERSTANDING FOR KEDI'S LOSS OF

PATIENCE WITH BALLOON TECHNOLOGY, ALTHOUGH WESTINGHOUSE NOW BELIEVES IT HAS SOLVED TECHNICAL PROBLEMS AND COULD INSTALL A WORKABLE BALLOON SYSTEM WITHIN APPROXIMATELY 20 MONTHS. ON THE OTHER HAND, WESTINGHOUSE WOULD GO TO ARBITRATION RATHER THAN AGREE TO PROVIDE ALTERNATIVE MICROWAVE SYSTEM AT A COST OF DOLS 70-100 MILLION. COMPANY IS WORRIED THAT T-COMM PROBLEMS COULD PREJUDICE ITS POSITION IN NUCLEAR POWER PLANT COMPETITION.

4. WESTINGHOUSE BELIEVES THAT ACCEPTABLE FINANCIAL SETTLEMENT COULD BE WORKED OUT. THE PROBLEM, HOWEVER, IS THAT KEDI HAS SO FAR REFUSED TO PARTICIPATE IN DISCUSSIONS TO THAT END. PURPOSE OF BEEBE'S CALL WAS TO SOLICIT DEPARTMENT'S ASSISTANCE IN BRINGING KEDI TO THE TABLE.

5. NEITHER THE DEPARTMENT NOR WESTINGHOUSE BELIEVES THAT USG INVOLVEMENT IN THE SUBSTANCE OF THIS DISPUTE WOULD BE APPROPRIATE. USG DOES HAVE AN INTEREST IN AVOIDING A NASTY COMMERCIAL DISPUTE. TO THIS END THE EMBASSY IS REQUESTED TO DISCUSS THIS MATTER WITH AN APPROPRIATE EPB OFFICIAL, STRESSING THE COMMON USG/ROKG INTEREST IN AN AMICABLE SETTLEMENT AND URGING THAT EITHER EPG OR KEDI AGREE TO DISCUSSIONS WITH WESTINGHOUSE. PLEASE REPORT EPB REACTION. VANCE

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